

MINUTES
SPECIAL CITY COUNCIL WORKSESSION/RETREAT
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY HALL CONFERENCE ROOM 190
ONE CITY PLAZA, YUMA, ARIZONA
JANUARY 28, 2009
9:00 A.M.

Call to Order

Mayor Nelson called the City Council meeting to order.

Roll Call

Councilmembers Present: Shoop, Mendoza, Beeson, McClendon, Hieb, Johnson and Mayor Nelson
Councilmembers Absent: none
Staffmembers Present: City Administrator, Mark S. Watson
Deputy City Administrator, Robert L. Stull
Utilities Director, Hank Baer
City Engineer, Paul Brooberg
Director of Parks and Recreation, Becky Chavez
Human Resources Director, Jack Dodd
Yuma Crossing National Heritage Area Executive Director, Charles Flynn
Municipal Court Administrator, Angela Graddy
Director of Communications and Public Affairs, Greg Hyland
City Clerk, Brigitta M. Kuiper
Director of Community Development, Laurie Lineberry
Fire Chief, Jack McArthur
City Attorney, Steven W. Moore
Director of Information Technology Services, Laurie Neinast
Public Works Streets/Solid Waste Manager, Joel Olea
Interim Police Chief, Daniel B. Rhodes
Police Captain, John Lekan
Finance Director, Pat Wicks
Facilitator, Kay Eldridge
Public Affairs Coordinator, David Nash
Executive Assistant, Beverly Mitchell
Various Department Heads or their representatives
Executive Assistant, Teresa Alvarez

I. 2008 PRIORITIES IN FIVE FOCUS AREAS

Watson welcomed the group and explained the format for this facilitated retreat. **Moore** briefly reminded City Councilmembers of Open Meeting law stipulations. **Watson:** The economic situation will mold much of what the City can do. Staff had a meeting on these same issues yesterday and their ideas are reflected in the Staff-Identified Challenges for each Goal.

Eldridge, acting as Discussion Facilitator, laid out the process for discussions today. Today's discussions are intended to be information gathering sessions; further refinements and decisions will be made at future meetings. She outlined the first of last year's goals, as follows:

Transportation

- **2008 Goal:** Establish a funding method to do a preliminary design of the Yuma Loop by 2010.
 - **Successes:**
 - Included in the Yuma Metropolitan Planning Organization (YMPO) Regional Transportation Plan
 - Supported by San Luis and Somerton
 - Additional conversation heard within the community
 - **Staff-Identified Challenges:**
 - Need to identify project funding
 - Possible grants in light of the City's per capita versus other counties in the state.
 - Continue working with lobbyists
 - Impress upon Arizona Department of Transportation (ADOT) officials the need for Yuma Loop
 - Maintain contacts
 - Gain City Council support

Watson: Although the City may not be the entity that builds the Yuma Loop, the fundamental concept is being developed now. The Yuma Loop has been included in the YMPO Regional Transportation Plan, which is necessary for the project to be eligible for federal stimulus funding. The Yuma Loop is the next critical piece in regional transportation because of its integration with the Area Service Highway (ASH); however, ADOT may not be convinced of this. **Hieb:** Several bills in the State Legislature involve increasing ADOT's presence along the US/Mexico border, in light of Mexico's developing port, and in recognition of the various border Port Authorities. The Yuma Loop should be associated with moving products from the port heading north on the ASH.

Eldridge reviewed additional transportation priorities identified by staff for Fiscal Year 2009-2010:

- Avenue A
- 16th Street – Arizona Avenue to Yuma Palms
 - Seek stimulus funding for project
- Rebuild of Avenue 3E from Interstate 8 exit to 32nd Street
- 32nd Street – Avenue A to Avenue B
- 24th Street – Avenue B to Avenue C
- Casa Mañana Subdivision street reconstruction

Stull: Money for the first two projects listed above is available. The last four, however, will not receive any allocation unless the 16th Street project receives federal stimulus money. Stimulus money would free up City funds for the other projects. **Watson:** ADOT has turned Avenue 3E back to the City and, therefore, it is ineligible for federal stimulus funding. All available funds are going to the 16th Street project; no funds within the next 18 months will be available for Avenue 3E.

Discussion

- A delay of the Avenue 3E project is a surprise. The City has been telling the community Avenue 3E improvements are imminent – as soon as an agreement with the railroad is reached.

- The street is literally crumbling.
 - Could the money be put toward Avenue 3E rather than 16th Street?
 - The City received \$6 million when ADOT handed Avenue 3E back to the City; Avenue 3E project design is almost complete and the project is in the final stages of right-of-way (ROW) acquisition. It is one of the City Council's highest priorities; however, the funds are not available.
 - The Avenue 3E corridor is important to the Strike Fighters' relocation to Marine Corps Air Station (MCAS) – Yuma and residential development south of the base.
- Signage on Avenue 3E still identifies it as State Highway 280.
- The 16th Street project – with Arizona Avenue intersection project broken out into a separate project – could garner \$15 million in stimulus funding. Avenue A, 16th Street and Avenue 3E are the top three priorities, but there's money for only two. Going out for bonds was an option when the economy was strong, but now, that option is not being pursued. Does the City Council want to change the order of the top three?
- The farming community has lobbied for Avenue 3E improvements and farming is an important part of the Yuma community. The City Council should consider making it more of a priority.
 - Avenue 3E is important to local agriculture and the military.
- In 1993 voters approved a half-cent sales tax, which targeted the widening of Avenue A from 8th Street to 24th Street. Although Avenue 3E is important, it's important for the City to keep its promises. The ballot language did not mention Avenue 3E; Avenue 3E is in the shape it is because ADOT did not spend any money to maintain it. Avenue A and 16th Street should not be sacrificed for Avenue 3E.
- Was the \$6 million given to the City for Avenue 3E used on the design?
 - The total project cost is estimated at \$7.8 million. \$6 million is earmarked for the project. A portion of the \$6 million has been spent to date on design and right-of-way acquisition.
- Until the bids come in on the first two projects, the City will not know how much is available for Avenue 3E; thus, Avenue 3E has been put on hold. If the 16th Street project takes longer to move forward, it could free up funds for Avenue 3E because more revenue would be coming in during the delay.
- Arizona Avenue/16th Street intersection improvements and 16th Street landscaping are not eligible for stimulus funding.
- Is the City in a situation where revenues cannot support the projects the voters approved?
 - Specific projects were outlined in the ballot language; the publicity pamphlet named various projects the Road Tax would target and staff promoted those projects as priorities by name; however, the ballot did not specify these projects as the only ones the money could be spent on. The City Council chose to move Avenue A to a higher priority than Arizona Avenue. It took time to accumulate adequate Road Tax revenues to begin projects; during that time, the community changed, so the priorities changed. Avenue A is a prime example of the difficulties of retrofitting a street in a residential/commercial area. Further, as seen with any ongoing tax, there are "priority" roadway projects that can be sidelined by unforeseen critical roadway needs such as 24th Street. 24th Street required immediate and costly improvements to serve the two elementary schools and one high school as well as an expanded Arizona Western College campus - a project completely unforeseen before three years ago, but it has been one of the largest projects the City has undertaken.
 - \$7.8 million (the estimated cost of the project), probably will not be enough to complete the Avenue 3E project, which includes widening the overpass and rebuilding a half-mile of the road.

Mayor Nelson: The discussion on Avenue 3E needs to be postponed until the City Engineer joins the meeting.

Parks, Recreation and Leisure

- **2008 Goal:** Completion of Smucker Park
 - Finish park according to master plan in 23 months
 - Revive Capital Improvement Program (CIP) with funding (approximately \$250,000)
 - Complete project design (18 months)
 - Determine construction timeline (phasing)
- **Successes:**
 - On schedule for completion in 2½ years,
 - Funding for design is allocated in the current budget year
 - Potential for grant funding
- **Staff-Identified Challenges:** To be discussed in conjunction with 2% Hospitality Tax.

Discussion Highlights

- The Smucker Park project is actually two projects. One dealing with the stormwater basin construction and another for the surrounding park/landscaping. Once the stormwater basin is constructed, it will be used as the match for grants to fund the landscaping project. The funding allocated to the Stormwater Basin project does not depend on 2% Hospitality Taxes.
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Economic Development

- **2008 Goal: Job Growth**
 - Implementation of college degree programs
 - Groundwork for a 4-year college
 - Succession planning for businesses
 - Refine Greater Yuma Economic Development Corporation (GYEDC) Agreements – public funding formula changes and review
 - Enhance Yuma Regional Medical Center (YRMC) support industries
 - Focus on suppliers to military and warehousing and medical
 - Prepare for F-35 Strike Fighters coming to Yuma
- **Successes:**
 - Stimulate improved work force skills in all sectors within 24 months
 - Northern Arizona University – Yuma (NAU) brought their Engineering Program to Yuma
 - The City has representatives on the planning committee and instructors in that program
 - Strike Fighter open house
 - Problem being solved: underemployment
- **Staff-Identified Challenges:**
 - Demonstrate sustainability of new educational programs
 - Review monetary support for GYEDC.
 - Achieve stronger directional role over GYEDC
 - Continue building relationships with groups (agriculture, development, retail industry, military, construction industry, Chamber of Commerce)
 - Develop new annexation/service policy

Discussion Highlights

- The City needs to pursue increased dialogue with members of the construction industry because that is a source of the current economic difficulties.
 - Recent meetings between staff and the Chamber of Commerce, the Yuma Southwest Contractors Association, BetterYuma.org and various engineers are continuing. Suggestions have been made, and in some cases instituted, for streamlining processes in the four basic areas of the construction industry: raw land; plat approval; building permit issuance; and, occupancy certification. Staff is working to implement software that will further streamline the process and make it possible for developers to monitor their project online. Residential and commercial developers have different concerns and staff is working to accommodate both. It is anticipated that these meetings will continue indefinitely on, at least, a quarterly basis.
- The majority of local jobs lost in Yuma County since the economic downturn has been in the construction industry, which affects the City's revenues. The City should work to stimulate the construction industry by encouraging the redevelopment of older infill residential areas.
 - Redevelopment could translate into big breaks for developers on impact/development/capacity fees because the infrastructure is already present and services are already in place for the area.
 - Redevelopment would improve the City's housing stock and renew neighborhoods.
 - The City has a policy that allows certain development fees to be waived for three specific reasons; however, when the fees are waived, the General Fund must pay them.
 - The idea is not to waive any fees, but to package infill development so that it is attractive to developers.
 - Sprawl puts a strain on City services; infill projects would avoid this.
 - Some 10,000+ lots are available for redevelopment within the City limits. Continuing to expand is not in the community's best interests. A surplus of lots forces their prices down.
 - Redevelopment is more expensive for developers; the profit margin on redevelopment is less.
- The City needs to create a closer partnership with the Chamber of Commerce.
 - The Chamber has openly opposed the City recently.
 - A closer partnership would allow the Chamber to better market Yuma.
 - A relationship must be a two-way street; the Executive Director of the Chamber has not shown himself to be a partner with the City. The City has shared information, but the Chamber has not. The Chamber leadership has had ample opportunity at City Council meetings to make known their opposition to the City's proposal to extend the 2% Hospitality Tax; however, they chose to express opposition at a public meeting without any warning.
 - It should be remembered that the Executive Director does not speak for all the Chamber members.
 - The Chamber now has a newsletter.
 - Conflict arose between the Chamber and the City several years ago when they were on opposite sides of a State Bill and the City was not aware of the Chamber's position. Local legislators were caught in the middle.
- Because of comments published in the Letters to the Editor of *The Yuma Sun*, some have drawn the conclusion that, if they were to come before the City Council, they will not get a fair hearing. The City Council must work to create an atmosphere that is comfortable for all to speak.
- Preannexation Development Agreements are becoming problematic.
 - These agreements need to clarify the timing of annexation or the City should stop entering into them; perhaps the City should stop providing services to anyone outside the City limits until they are annexed.

- The City Council has taken the position that anyone not within the City limits wishing to receive City water must annex or agree to annex. The issue becomes apparent when the annexation actually occurs – when the City Council takes legislative action to annex the property.
 - There is nothing in the State Water Service Area Regulations that would require the City to provide water to those outside the City limits. Indeed, the City has refused such requests in the past.
 - The City is not forced to provide sewer services either. Anyone developing a residence within 300 feet of City sewer infrastructure must connect to the City's system and any commercial development within 1,000 feet must do so as well.
 - Trying to stimulate the economy by cuts on impact/development fees is like trying to stop a hurricane with a feather. People are not aware of the magnitude of this depression. Revenues are falling and the rate of decrease is increasing. Recovery will not be immediate.
 - The amount of impact/development fees collected in the last six months is deminimus. Having stimulus money available for construction would outpace any impact fee reductions in terms of benefit to the construction industry.
 - If this economic downturn is truly a depression, the federal government will have to become involved in making money available to keep communities alive. The City's challenge is to make sure it takes advantage of what becomes available.
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Environment and Aesthetics

- **2008 Goal:** Establish region-wide public transit agency to plan and operate all public transit in Yuma County
 - **Successes**
 - YMPO is the local regional transportation agency
 - Yuma County Area Transit buses have been enlarged to carry more passengers
 - Routes have been modified to more closely fit passenger populations.
 - The City donated several benches to YMPO and coordinated their locations and installations.
 - **Staff-Identified Challenges**
 - Adopt new landscape ordinance
 - Sustain graffiti removal program
 - Concentrate on addressing vacant housing and assisting with rundown neighborhoods
 - Enforce code on vacant buildings in addition getting dangerous buildings abated
 - Continue and enhance waste recycle program

II. 2009 PRIORITIES IN SIX FOCUS AREAS

Eldridge noted that in addition to the previous five focus area from 2008, discussed, staff has added a sixth for 2009.

Public Safety

▪ 2009 Goal:

▪ Staff-Identified Challenges

- Acquisition of Certificate of Necessity (CON) for City of Yuma ambulance services
- Design and construct public safety training facility and remote evidence storage warehouse.
- Develop a 1-, 3- and 5-year Strategic Plan defining internal and external needs
- Develop benchmark and performance standards
- Identify budget allocations available to public safety
- Better inform the community of available services
- Review red light (traffic signal) camera enforcement
- Finalize Chief of Police recruitment

Discussion

- The Fire Department is putting together a business plan to present the City Council in the near future. At this time, it appears the City can provide the community with better ambulance services and recover some of the funds already being spent on emergency medical services.
- Various options are available to the City to achieve this goal; these should be discussed in more detail under a specific agenda item at a future meeting.

Beeson presented a briefing of priorities for next year that he has identified, as follows:

- Feral Cats: Feral cats roam at large, making dogs bark and causing damage to vehicles. Whether the Humane Society is the entity the City should use to approach the problem is a question; however, short-term and long-term plans are needed. He suggested the City consider innovative programs, such as, if an owner spays/neuters their cat, the City would pay for the animal to receive a microchip and for registration. Perhaps the number of cats per household could be limited. The issue is unpopular but needs attention.
- Dog Park: All citizens should not be expected to pay for a dog park. Only a small amount of funding is needed from the community. PetSmart may be open to donating park features; the company has donated items to the Humane Society. The current park is large enough to accommodate a dog park redesign. Perhaps, it does not need to be expanded into the Wal-Mart retention basin. Eliminating those costs would make the park more affordable.
- Skate Park Expansion: It's been said that if a community does not have a skate park, the whole community becomes a skate park. The City has a skate park; it needs to be expanded with more concrete paths. The City has a number of skate park obstacles/features that are in storage. Many in the community would be willing to help. The skate park could be marketed online and the wall to the north of the park could be used for creative graffiti to embrace the subculture. This may not be the most critical issue facing the City, but improving an already existing park would make it all the more used.
- Palo Verde Wall: A traffic study has indicated Palo Verde Street should be opened. The project has been included in the City's CIP (5.0302). How does the neighborhood feel about this? What would it take to remove the wall and provide another access to Pacific Avenue?

- Recycling in Yuma: Beeson was appointed as the Co-Chair of Education and Media Awareness for the International Alliance for Border Non-contamination, illegal dumping. Other entities in the area are looking to Yuma to lead this effort. The City should apply for recycling grants, which could reimburse the City for what it is already doing. The City should also finish its Smart Growth score card, which is necessary for grant eligibility.
- Signs in Small Parks: Signs are needed to identify the rules of a park, such as no alcohol, park hours and contact information. Stating the rules will help with enforcement.
- Benches at Bus Stops: The City needs to identify bus stops located within the City limits and where, at those locations, the City rights-of-way exist, and prepare an Action Plan to furnish seating at those locations. The City should not pursue bus shelters at the present time. The City should cooperate with YMPO to install any surplus benches it has on hand at appropriate locations.
- Auto Meter Reading (AMR): Could staff provide the figures for the following questions:
 - How many readers does the City employ?
 - How many gallons of gas per year does each meter reader/truck use?
 - How many water customers are read automatically?
 - Would it save money to move all of them to AMR now?
 - Could AMR be made a condition of pre-annexation development agreements?
 - Could the task be contracted out to other meter reading companies such as Arizona Public Service or Southwest Gas?
- Meet with Yuma County Supervisors: Could biannual meetings be arranged so the City and County could work together on projects? City staff should start by putting together an agenda for discussions and ask Yuma County to do the same.

Discussion Highlights

- Grants oftentimes provide for the creation of a program, but not for its continuance. Grants will buy the truck or equipment, but not the personnel to operate it.
 - While the City is always in the market for grant monies, it must be cautious with capital grants because they do not always provide for maintenance.
- Recycling will not be feasible until those receiving the service pay for it or recycling products earn a profit.
- Grants vary in terms of matching fund requirements.

Mayor Nelson called at break at 10:30 a.m.; the meeting reconvened at 10:50 a.m.

III. BUDGET STRATEGIES AND CURRENT ACTIONS

Watson: Discussions leading up to the adoption of next year's budget will begin in April or May. The current year's budget was adopted at \$66 million, a decline of \$8 million from the year before. Revenues this year have continued to fall and the City has cut another \$3 million in expenditures. Recent estimates place that loss at \$3.7 million now, with the impact of the holiday season yet to be determined. Corresponding downturns in State revenues translate into fewer dollars of state shared

revenues. Next year's budget is anticipated to be \$57-58 million. Balancing the upcoming budget will require dramatic changes in the organization and service delivery methods to cope.

Hieb: There is a feeling in the community that the City is not living within its means, that it is into deficit spending. **Wicks:** The City, unlike the federal or state government, is required to have a balanced budget. The City can only spend those dollars it receives. There have been times when the expenditures are greater than revenues, which is a result of unspent dollars from the previous year being accounted for in the fund balance.

Wicks turned the discussion to the remaining 2008 priority:

Financial Affordability

- **2008 Goal:** Extend the 2% Hospitality Tax in the November 2009 election to maintain existing formula distribution and provide:
 - \$3 million to construct and operate parks and recreation facilities
 - \$1.1 million to support Yuma's Historic Riverfront
 - \$.9 million to support tourism and marketing
 - Any additional funding to be spend in the above areas only
- **Staff-Identified Challenges**
 - Money affects everything the City does.
 - The 2% Hospitality Tax question is scheduled for an election and voters will decide the matter this November.
 - Focus on grant writing
 - Focus on sales tax generating projects
 - Assure that appropriate fees are being charged for services
 - Reassign staff to identify revenue sources and losses
 - Possible expense reduction activities were identified and listed.
 - Possible revenue enhancing activities were identified and listed.

Wicks presented the following fund budget projections, as follows:

General Fund				
	2007-2008 Actual	2008-2009 Budget	2008-2009 Estimate	2009-2010 Budget
Undesignated fund balance July 1	17,000,146	15,765,460	15,224,662	12,887,876
Sources:				
Estimated revenues	62,565,575	66,282,975	59,611,548	58,438,251
Transfers in:				
Capital Project Fund	50,000	-	-	-
Total transfers in	50,000	-	-	-
Total Sources	62,615,575	66,282,975	59,611,548	58,438,251
Expenditures				
Operating	57,000,999	62,087,505	56,264,143	57,384,186
Debt service reserve	600,961	596,040	596,040	598,577
Capital outlay	1,333,580	1,116,017	202,097	371,419
Capital Improvements	-	410,000	205,370	-
Transfers out				
Solid Waste Fund	1,939,565	1,927,155	1,469,074	1,510,194

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Yuma Mall Maintenance Fund	157,145	168,787	125,504	141,266
Riverfront Redevelopment	-	-	-	-
Radio Communication Fund	-	191,440	191,440	-
Debt Service Fund	2,901,200	2,894,667	2,894,667	2,887,049
Capital Project Fund	447,553	-	-	-
City Road Tax Fund	10,056			
Highway User Revenue Fund	-	-	-	-
Total Transfers Out	5,455,519	5,182,049	4,680,685	4,538,509
Total Uses	64,391,059	69,391,611	61,948,335	62,892,691
Undesignated fund balance June 30	15,224,662	12,656,825	12,887,876	8,433,436
			(2,336,786)	(4,454,440)
			20% revenues	11,687,650
			Balance	(3,254,214)
				14.43%

Briefing continued:

- The above table does now show finalized figures; these are projections only.
- Departmental revisions have been included; others may follow.
- Fiscal Year 2007-2008 began with a \$17 million fund balance and 2010 is estimated to begin with only \$8.4 million.
- Reductions have been made by:
 - Withholding approx 50 positions = \$2 million in savings
 - No annual 2.5% merit increase for employees
 - No Labor Market Survey adjustments
 - No incentive awards
 - No internal transfers into Equipment Replacement Fund since November, 2008 = \$2 million in savings
- The targeted fund balance of 20% would be \$11.6 million; however, staff estimates that will be unreachable by approximately \$3.2 million.
 - The 20% level is the level staff has identified as necessary to keep the City in a healthy financial condition.
 - It is a self-imposed standard.
 - A beginning fiscal year fund balance is necessary to keep the payroll flowing from July 1 to November 1, when the first half of annual property taxes is due.
 - Given this, the City would be in trouble the second year, from a cash flow basis, irregardless of pay increases or the undertaking of new capital projects/programs.
- The above figures do not include 2% Hospitality Tax revenues

Discussion Highlights

- Undesignated fund balances can't be cannibalized because it is the unused capital needed to maintain the City's "business" cash flow; it constitutes the City's line of credit.
 - The City works on a cash basis only.
 - It's taken 20+ years for the City's General Fund balance to go from \$1.2 million to \$17 million; if the economy does not turn around, it will take two years to go from \$17 million to \$8.4 million.
 - The money is not savings, per se, it is operating funds.
- Personnel actions taken:
 - Currently, the City has 66 open positions, with no plans to fill 51.

- These positions are from every department.
 - Staff is now beginning to redistribute personnel, especially employees in vulnerable positions, such as those funded by the 2% Hospitality Tax.
 - Such individuals will be offered training and a transfer when and where possible.
- Budget cuts are at the point where remaining cuts need to be considered from personnel.
 - Possibly create a committee of staffmembers to identify revenues that are being lost.
 - Don't want layoffs, but must live within means.
 - Everything in budget is subject to review.
 - Travel has been dramatically curtailed; it's allowed only for training or revenue enhancement.
 - All consulting contracts have ceased.
 - Staff continues to pursue grants, using City Riverfront grant writers for all departments' efforts.
 - City services, such as plan reviews, have been offered to other local cities.

Discussion

- Will the equipment replacement (ER) funding be reinstated – if so, when? Does that include all equipment?
 - Includes all of the equipment covered by the fund, which is most, but not all, the equipment used by the City:
 - Computers, but not radios,
 - Fire trucks, police cars and parks vehicles.
 - The City is suspending any expenditures out of the ER fund and any rental payments, which are internal payments from City departments that use the fund.
 - Should a piece of equipment fail, it will be reviewed on an item-by-item basis and replaced, if necessary.
 - The fund does have a balance remaining at this time.
 - Each dollar in the fund is set aside for a specific piece of equipment and the funding received up to November 2008 remains intact.
 - The City can't go very long without regenerating funds because equipment eventually fails.
 - The suspension is temporary, but it isn't clear when it will be reinstated.
- Can employees move up as well as laterally in any restructuring?
 - Employees who are offered training and a transfer move into the pay grade of the offered position. The job they are leaving will be reviewed to see if a replacement is necessary.
 - The first priority is to preserve the currently existing jobs.
 - A number of creative ideas are being considered.
- The City should collect the appropriate fee for its services; this is not being done for solid waste collection, which is subsidized by the General Fund by approximately \$1.5 million.
 - Some recreational fees could be adjusted, specially the golf courses; the City is not charging enough to build up a capital reserve for future improvements.
 - Perhaps the management of Desert Hills Golf Course (DHGC) could be put out to bid to the private sector.
 - DHGC is expensive to operate because the City is paying City wages and benefits for work that is in direct competition with local businesses.
 - DHGC is a huge subsidy on the backs of all taxpayers when only 15% of the community actually uses the facility.
 - Those who use the services should pay for the services.
 - DHGC is actually self-sustaining, but could operate more efficiently.

- Play at Arroyo Dunes Golf Course (ADGC) is cheap, but hasn't been improved for 25 years. People know what to expect at ADGC; they are paying for what they get.
- Golf course rates have been raised, but the community is very sensitive to increases.
 - Rates are increased incrementally every year so the customer base will not be lost.
 - The Department is considering raising them higher than the usual \$2 per year, but it must consider what the market will bear. Other areas of revenue generation are also being explored.
- Equipment maintenance is not tied to the Equipment Replacement Fund.
 - Ultimately, maintenance costs will increase, but Equipment Maintenance is a separate fund.
 - If the Equipment Replacement Fund is suspended for five years, maintenance costs will rise dramatically.
 - The Yuma Police Department has historically had the highest turnover of vehicles; staff is not starting to idle some vehicles, slowing down their usage and related wear and tear.
 - The fund was originally begun to provide for equipment needs on an ongoing basis.
- All outside agency support should be reviewed to reduce any duplication of services and to decide whether the services can be done in-house.
 - The agencies are cognizant of this situation.
- Staff is anticipating that this downturn will continue for 24 months; staff began cutting expenditures at the first signs of distress.

IV. 2% HOSPITALITY TAX

Chavez presented the following information:

What has the 2% Hospitality Tax funded since its inception in 1971?

- Debt service on newly constructed facilities and their operations and maintenance
 - Yuma Civic Center
 - Ray Kroc Baseball Complex
 - Desert Hills Golf Course (DHGC)
- What do the 2% Hospitality Taxes currently fund?
 - Yuma Civic Center operations and maintenance
 - Ray Kroc Baseball Complex operations and maintenance
 - Final debt service payment on the DHGC Clubhouse – bond to be paid off in 2009
 - Capital improvements in Deyo Complex
- What projects could an extended 2% Hospitality Tax fund in the future?
 - Completion the West Wetlands Park Revised Master Plan
 - Completion of an AWC and Yuma Union High School District partnership-sponsored athletic facilities and park, including 5 regulation-size soccer fields
 - Yuma Valley Area Park – City owns property at Avenue B½ and 24th Street
 - New Yuma East Regional Park – at Avenue 6E near Desert Dunes Water Recycling Facility
 - Completion of Smucker Park Master Plan
- What will happen if the 2% Hospitality Tax is not renewed?
 - Closure of Yuma Civic Center – significant community impact; highly used unmatched space facility – savings: \$705,630
 - Closure of Ray Kroc Baseball Complex – savings: \$656,820
 - Renegotiate contracts with Golden Baseball League and Caballeros de Yuma (the only two entities under current contract to use the facility)

- Closure of Caballero Park – savings: \$23,912
- Closure of Friendship Park – savings: \$43,992
 - Closure of water feature at Friendship Park
- Figures do not include sales tax revenues from sales that occur to vendors servicing the various events that are held in the complex as well as revenues to the community from those staying and eating here while participating, nor the money raised by nonprofits that are donated to people and groups in the community.

Discussion

- The proposal is to extend the tax for another 15 years.
- Is the reuse of the Ray Kroc Complex and rebuilding of the tennis courts included in these projects?
 - The Arizona Western College/Yuma Union High School District/City of Yuma (AWC/YUHSD/City of Yuma) park project would address most of the needs targeted in the Deyo Complex reuse plan.
 - The project calls for four lighted tennis courts at Gila Ridge High School.
 - Currently, the City shares the Cibola High School courts, which will continue.
- There are yet six \$440,000 incentive payments to be paid for Riverfront development. Would this be taken from 2% Hospitality Tax revenues?
 - A portion would come from those revenues, if an extension of the tax is approved; some would come from the General Fund, which is not uncommon.
 - The obligations is for six more years.
- The completion of Smucker Park is now 2½ years away.
- Will the Ray Kroc tennis courts be renovated?
 - The Ray Kroc courts, with the possible exception of the exhibition court, would be demolished.
 - Joint use of Cibola courts seems to be working.
 - Cibola's courts are not well-maintained.
 - This seems to be a departure from what the City has said in the past.
 - Rebuilding the tennis courts at Ray Kroc would require complete demolition of the current structures and rebuilding from the ground up. A pair of tennis courts costs \$300,000 to build, which would make the price tag for this six-plex close to \$1 million. That's extremely expensive for a limited population of users. Usage has already shifted elsewhere.
 - Tennis courts at Ray Kroc also need restrooms, which alone cost \$300,000 to \$400,000. Using tennis courts close to a sports stadium fills that need.
 - Would Kofa High School be interested in using rebuilt Ray Kroc courts?
 - Staff has not approached Kofa in that regard; the school chose to demolish its courts in recent campus renovations.
 - Comparing the cost of a tennis court with a soccer field yields an obvious choice; the City wants to put its money where it will benefit the greatest volume of users.
- Does the AWC/YUHSD/City of Yuma project bring the City to the required number of parks for its population based on the standard criteria?
 - The City has another tennis court at Carver Park
 - The current number of parks brings the City into compliance with park standards.
- It takes six to eight soccer fields in close proximity to accommodate tournament play; if regulation sized soccer fields are going to be built, they should be built to accommodate tournaments.
 - The AWC/YUHSD/City of Yuma park includes a lighted four-plex, with another single field located in close proximity. The green space between Gila Ridge High School and the National

Guard Readiness Center could provide additional space for the layout of soccer fields, when needed.

- Staff is not proposing these closures lightly – they are being proposed after a thorough analysis of the situation.
 - The facilities slated for closure if the tax fails, are an all or nothing proposal. It does not save any money to run the facility partway.
 - City facility rates are having to compete with the new Quechan Indian Tribe facilities.
- Will the Yuma Civic Center still be available as an emergency shelter?
 - How the facility will be mothballed is yet to be decided.
 - The City has been approached concerning an alternate use; however, any use will have to comply with federal restrictions on the land.
- The City's subsidy of the Ray Kroc Complex is more than that of the Yuma Civic Center.
 - Over the history of the Midnight at the Oasis event, the Caballeros de Yuma has raised \$1.3 million at the Ray Kroc and Yuma Civic Center, money it has donated to the community.
 - Could fees be increased?
 - The City could never charge enough to cover operating costs completely.
 - Golden Baseball would not be able to operate; the City spends a considerable amount of money to make professional baseball available in Yuma.
 - The savings are direct costs and they don't take into consideration the impact of the loss of events held at these facilities on the local economy.
 - Could the fields be maintained at a lower level?
 - The Ray Kroc fields are better maintained than the spring training fields used by the professional teams for spring training in Peoria.
 - \$1.5 million in 2% Hospitality Tax revenues are used to maintain the Ray Kroc complex; a one-to-nine ratio is a poor return on the City's investment.
 - That's why the facility has never been outsourced.
 - Closure of the Ray Kroc complex will also affect youth programs.

Flynn outlined the following:

- Uses of 2% Hospitality Tax in connection with the Heritage Area
 - Funds used to work with Arizona State Parks to pursue grants to complete the West Wetlands.
 - Funds used to develop the East Wetlands
- Future use of 2% Hospitality Tax revenues
 - Would be used to leverage other funds to provide for long term management for the East Wetlands
 - Would provide for the creation of a better pedestrian access to the Quartermaster Depot (QMD) park
 - Would give staff the ability to negotiate its contract renewal with Arizona State Parks for the QMD operations to include more and varied events.
 - QMD State Park would become a free admission community park
- Activities that will cease with non-renewal of 2% Hospitality Tax
 - Possible closure of QMD State Park
 - Cessation of Heritage Festivals
 - Inability to seek or match Transportation Equity Act for the 21st Century (TEA-21) federal grants

Mayor Nelson recessed the meeting for lunch at 12:15 p.m.; the meeting was reconvened at 1:05 p.m.

Flynn continued:

- The Riverfront's \$90,000 2% Hospitality Tax allocation has been used as stimulus money to generate \$250,000 in revenues.
- Loss of the tax will affect the Yuma Visitors Bureau (YVB)
 - Possible closure or skeletal operating staff
 - YVB prepares the Yuma Visitor's Guide – a high quality promotional tool
 - Local hotels are very concerned because YVB allows them to reduce their advertising dollars.
 - Any YVB costs would have to be born by the General Fund.

Discussion

- The City should find out what the community wants. Perhaps the community wants to retain some of the targeted items versus others.
- Items to be cut should only come from those facilities/programs that the 2% Hospitality Tax funds.
- Based on the election calendar, the decision on which items to cut can't wait for budget discussions on revisions.
- The lists presented today are firm.
- Would it be wise to adopt a resolution stating what facilities/programs would be cut or maintained, depending on failure or passage?
 - A formal resolution in advance of the ballot would not be wise; based on the economy, the City may not be able to perform everything it could promise.

V. CITY STAFF RETREAT OUTCOMES

Watson: Staff's retreat was held yesterday. He presented the following information:

- Anticipated departmental impacts of economic downturn
 - Yuma Police Department (YPD)
 - Return of School Resource Officers from schools to City's police force because of lack of funding by schools
 - Impacts on criminal activity
 - Possible in-house training of fire fighters
 - Impacts of annexation
 - Communications
 - How to get information out quickly, especially accurate information
 - New employee newsletter, *The Source*, has been initiated
 - Perhaps a community newsletter could be started
 - Currently, the City e-mails & press releases area available en masse to anyone wishing to be subscribe
 - Focus on large and/or diverse groups
 - Find out what people really want to hear about – "grocery store" conversations are important indicators.
 - *Mondays with the Mayor* didn't work because people don't have time to attend.
 - Concerning the upcoming election, City Councilmembers can advocate as much as they want; however, they cannot use City funds to do so. City staff can give out factual information only.

- Yuma Fire Department (YFD)
 - When Certificates of Necessity for ambulance services were originally established, they were intended to benefit rural areas.
 - If Rural Metro cannot meet urban standards, the City is prepared to do so.
 - A majority of YFD personnel have paramedic certification, which requires annual recertification. The City should reconsider getting its personnel certified if the skills are not being reimbursed.
- Streets/Solid Waste
 - Highway User Revenue Funds are declining
 - Solid Waste collection costs remain problematic
 - Is now a good time to begin recycling and charge for it? How could it be integrated into the existing system? Should it be an Enterprise Fund?
- Information Technology Services
 - Departmental goal: to make desktop GIS decision-making capabilities available to City personnel
- Strategic Communications/Public Affairs
 - Levels of service considerations; are two television channels still needed?
- Heritage Area/Engineering
 - With fewer CIP projects, CIP managers are being given new functions.
- City Clerk's Office now has the tools for a paperless agenda process.
- Municipal Court is concentrating on the reduction in overtime.
- Human Resources is playing a critical role in assisting with reviewing and redefining positions.
 - The LMS (employee) Committee did an excellent job; however, their recommendations cannot be implemented based on the economy.
 - Transitioning of employees – cross training and repositioning
- Community Development
 - Neighborhood Services may receive additional funding to provide for more projects.
 - Neighborhood Services personnel have contracted their services out.

Upon the arrival of City Engineering, Brooberg, the discussion returned to the Avenue 3E road project:

- Approximately four years ago, the City entered into an Intergovernmental Agreement (IGA) with ADOT for the return of Avenue 3E (State Route 280) to the City's jurisdiction. ADOT agreed to fund the bulk of the design costs for improving the roadway from Gila Ridge Road to 32nd Street and to provide the City with \$6 million in funding when the project went to bid.
- Two years ago, ADOT came back to the City, saying that if they did not give us the money now, it might not be there in the future. So, the City and ADOT amended the IGA wherein the City took ownership and full responsibility for the maintenance of Avenue 3E at that time and ADOT gave the City approximately \$6.1 million.
- Approximately a year ago, the possibility of breaking the project into two phases was discussed.
- The current year CIP allocations reflect the intent to put all the City's marbles into one basket – the 16th Street reconstruction project – a City lead project from Arizona Avenue to Yuma Palms Parkway.
- The 24th Street project is virtually complete.
- Staff anticipated that left over monies from the 16th Street project and the 24th Street project, as well as budgeted funds, could make up the funds needed for Avenue 3E. If that does not amount to

enough money for the entire project, the portion from 24th Street to 32nd Street could be undertaken; this is the surface that needs the most attention.

- Total estimated cost of the Avenue 3E project: \$12-13 million, with virtually half those costs associated with the bridge and its ramps. The plan calls for widening the bridge to its ultimate fullest extent – 3 lanes in each direction.
 - The State only budgeted for five lanes total, not 7 lanes in the area from 24th Street to Gila Ridge Road.
- This estimate does not include design costs. The project's design is almost complete. The State paid \$450,000 for the design, along with approximately \$300,000 in City funds, with the bulk of the design being the bridge and its embankments.
- Completing just the southern portion will result in community criticism. Could the City start the bridge project first?
 - The bridge reconstruction can begin as soon as Level 3 has moved their fiber optic line.
 - Only three right-of-way issues were involved: the relocation of Quest's stormwater basin, Level 3 fiber optic cable and a private residence.
- ADOT is refusing to repair their streets that lie within the City limits because they know they are soon to be turned over to the City. ADOT has never serviced their roads in Yuma well. The City's possible recourse can be discussed in another forum.
- To put the Avenue 3E in perspective, the City's Road Tax revenues this year were estimated at \$11.4 million. Avenue 3E would take up all the CIP money from Road Taxes for more than a year. Those road projects now underway are being done with bond proceeds. Impact fees can only provide for additional capacity, not renovations, and with the downturn, there are no impact fees being collected.
- Roadway projects need to be reprioritized based on need. Many roads are carrying an over capacity of traffic, yet the City is spending money on residential resurfacing for streets that carry little traffic. The priority ought to be where the congestion is.
- It cost \$3 million to bring the Casa del Oro Subdivision streets up to standard. Perhaps the community needs to contribute more to their streets or let them make the decision whether to improve them. Maintaining City streets is a challenge and the community needs to understand this. It is an urban myth that the City will fix a subdivision's streets once it annexes.
- Is now the time to consider a regional approach to water using the desalting plant?
 - Somerton and San Luis have water issues, but they are the least able to pay for any facilities.
 - Without a large enough customer base and base rate that can raise capital, a community cannot accumulate enough money to pay for the construction of expensive water plants.
 - The desalting plan can run at a maximum of only 2/3^{rds} capacity and there's no guarantee that Yuma's plant actually work at that level; a plant exercise is planned to see if the system is working.
 - If the desalting plant is viable, opportunities for regionalization would exist.
 - Fifteen years ago, Somerton wanted to pipe Yuma water to its community rather than build a water treatment plant because it would be cheaper; this could bring in revenues, while unburdening others.
 - The creation of a regional water authority should be considered in terms of total community planning; Yuma County needs to be involved.
 - A regional water authority would operate like YMPO, where every member gets a vote and the possibility of the City losing discretion over its water allocation is possible. The City's policy is that no one gets City water without annexing. A regional water authority would require this policy to be changed.

- Reschedule this item for a more focused discussion.

Mayor Nelson called a break at 2:05 p.m.; the meeting reconvened at 2:15 p.m.

VI. OTHER 2009 ISSUES, PRIORITIES AND INFORMATION

Watson: The City's revised Request for Qualifications (RFQ) form for selecting engineering firms is being reviewed tomorrow. Staff reviewed processes followed by other Arizona cities and revised the form to be more flexible in the questions asked, while tightening up the ranking/selection process. Local engineers were helpful in assisting staff with their perspective and have expressed appreciation for the City's consideration.

Watson and Baer presented the following information on the B&C Colonia:

- City officials found out that Yuma County was moving forward with the B&C Colonia sewer installation project through an article in the newspaper. Watson has written the Yuma County Board of Supervisors to object to their commitment of City resources prior to hearing from the City.
- B&C Colonia will impact the Figueroa Water Treatment Plant (Figueroa WTP) and projected growth to the southwest of the community.
- Figueroa WTP
 - Rated at 12 million gallons per day (mgd) capacity
 - Holds a Class B Effluent Discharge Permit issued by the State of Arizona
 - Compliance achieved through mixing zone
 - Permit renewal needed in four years
 - Currently, averages 7mgd, with a 1 mgd capacity assurance
 - Estimated 1.2 mgd maximum from B&C Colonia, bringing treated water to 11 mgd
 - With or without the B&C Colonia, the City will face the need to expand the Figueroa WTP in the near future.
 - Facility needs expansion, but needs upgrading more
- The Figueroa WTP could handle the Colonia and the increased flow from other developments already platted, but doing so pushes the plant to its limit and it would be unable to service anything more.
- The City provided water to the B&C Colonia approximately ten years ago, in some cases through a Preannexation Development Agreement. This creates a situation where an area is getting water and will be getting sewer, while none of the property lies within the City limits.
- YPD has expressed caution about annexing the B&C Colonia because it presents a significant patrol and enforcement challenge.
- The City needs to find out what Yuma County's long term plan for the Colonia area is; does Yuma County expect the area to annex at some point?
- If City growth reaches to Avenue D, it would surround a pocket of unincorporated land.
- Staff suggestions:
 - Master plan roadways
 - Establish fixed right-of-way
 - Make arrangements for credits
 - This is an extremely expensive project and many of these residents will have difficulty paying their water and sewer bills.
 - Most residents are in support of project.

- The area is comprised of 2,700 structures, 1,700 of which were occupied and the remaining 1,000 were not.
- Code enforcement should play a role.
- The project is moving forward, but it will not be a regional approach, which is what the area needs.

Discussion

- A WTP cannot operate at 100% capacity.
 - Staff is exploring expansion options.
- Only the residential properties in the B&C Colonia are required to use the City's sewer service when the infrastructure is built. The commercial properties, i.e. the trailer parks, do not have to connect.
- This is estimated to be a \$60 million project, with the grant paying for some but not all. The residents will have to pay the difference.
- Grant money will also help pay for the actual connection of the homes to the system, including capacity fees, which have not been waived.
- Difficult situation:
 - A majority of the residents want the service.
 - Yuma County will bond the improvements and undertake the project to install the infrastructure.
 - The City has no guarantee that residents in the neighborhood will be able to afford the service.
 - Taking flows from this area pushes the City's facilities to their maximum capacity, but capacity fees paid by the Colonia to hook up to the system will not be enough to pay for the plant's expansion and the City has no money for it either.
 - Serving the area will add to operating costs.
 - The City will have to be the one to turn off the water if residents can't pay.
 - The area has, at the most, a 20-foot right-of-way for streets.
 - The roads are in poor condition and cannot accommodate emergency vehicles.
 - The project and all its unintended consequences and unanticipated obligations are being forced on the City.
- Installing sewer infrastructure in streets that are too small will mean that when the streets are widened, the sewer lines will have to be relocated – creating another difficult situation.
- The area has a number of landlords who tend to pay the water and sewer for their lessees; however, nonpays will undoubtedly increase. There are a number of wildcat trailer parks where there has been no formal subdivision of the land or building permits obtained.
- The City should not enter into any new Preannexation Development Agreements with B&C Colonia residents.
- Annexation would require the City to provide police, fire and trash collection service in an area where the water lines are too small to accommodate fire hydrants, there are no street lights and emergency vehicles cannot enter.
 - Staff has indicated there is no way the City can assume the burden of the annexation of the whole Colonia; the situation would take 25-30 years to address. The question is whether to annex some properties to create a continuous boundary rather than leaving a jagged edge.
- Planning for the future has identified the Colorado River's edge as Industrial, which, when developed will pull the infrastructure out to that area.
- The City Council took action on this area authorizing certain terms.
 - This could be the topic of another discussion.
- The B&C Colonia is a source of criminal activity.

- This area is no worse than others in the community; these are good people. The difficulty is the density of homes in a small area.
- The area has a lot of drug drop houses and methamphetamine labs. Although it has a comparable number of calls for service as other areas, there is a whole category of calls that aren't called in because the Sheriff's Office does not actively patrol the area.
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- **Watson** summarized that he will contact Supervisors Stuart and Ferguson as well as Yuma County Administrator Pickels to discuss the issue further. The Preannexation Development Agreements and annexation will have to be addressed by an exemption to the City's water policy.

Shoop, the City's representative on YMPO, stated that the City is the largest supporter of YMPO. YMPO needs guidance from the City in setting its priorities in light of tonight's discussion.

VII. CITY BOARDS AND COMMISSIONS

Eldridge facilitated a brainstorming session on how to improve public participation on City Boards and Commissions:

- Challenges
 - Growth in community hasn't translated into growth in boards
 - Reasons for not serving
 - Seen as confrontational situation with the public; boards have to make unpopular decisions
 - Time
 - Takes too much time to prepare for and attend.
 - The lack of a quorum wastes others time.
 - Meetings held at inconvenient times.
 - Lack of background in the specific field
 - Creates lack of interest
 - Some would be interested in serving on an ad hoc committee because it is temporary in nature.
 - No one who has participated has found the experience a waste of time.
 - What recognition do members receive for their service?
 - A board and commission appreciation dinner is held every other year, but few attend.
 - Staff difficulty: Getting new members up to speed on the things they must know to make decisions – laws, case law, theory, practice, community background, long range planning concepts, et cetera – takes a lot of time and sometimes individuals leave prematurely.
 - Requiring the submission of a resume resulted in people not applying for boards they did not have any background in; they knew their resume would show their lack of experience even though they might have been interested in serving.
 - The Water and Sewer Commission meetings have been changed to accommodate members' schedules. The meeting is limited to one hour at the most. The commission acts as a sounding board for staff's ideas and is a valuable asset to the Utilities Department.
 - The public process is frustrating to members of the business community.
 - They feel it takes too long to get anything done and governmental processes are burdensome.
 - This is in contrast to members of the public asking why the City is moving so fast.
 - New members are surprised by the amount of government regulations they must comply with.

- Some do not want to run the risk of personal liability in questions arising from conflict of interest.
- It is frustrating for boards to work so hard on an issue or case, just to have the City Council reject their recommendations.
- People are hesitant to speak in public, not only because it is public but also because comments can be taken out of context.
- There is no ready pool of applicants.
 - The City Charter prohibits a non-City resident from serving on a City Board or Commission.

Solutions


- Review all City Boards and Commissions to determine which are really needed and relevant to today's need.
- Allow for more members so a quorum will be reached more often.
- Meet less frequently and/or at alternate times; limit meeting times
- Offer liability insurance
- Avoid a meeting if there is no meaningful agenda
- Inform the community that a background in the field is unnecessary, where applicable.
- Communicate to Boards and Commissions those issues the City Council will be considering in its review of the issue or case, especially in terms of legal restrictions.
- Change the meeting formats to allow for webinars at lunch
 - Tailor to youth with online communications where all can attend.
 - Public will need access for listening.
- Assist members with training to make them more comfortable speaking in public.
- Provide a meal if the meeting is held at lunch or dinner time.

VIII. WRAP-UP/NEXT STEPS


Watson asked City Councilmembers whether any other goals need to be addressed at another meeting. None was suggested.

IX. ADJOURNMENT

There being no further discussions, **Mayor Nelson** adjourned the meeting at 3:25 p.m.


Brigitta M. Kuiper, City Clerk

APPROVED:


Lawrence K. Nelson, Mayor

Approved at the City Council Meeting of: <u>December 16, 2009</u> City Clerk: <u>B. Kuiper</u>
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